

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Airports	(2) MEETING DATE 1/5/2016	(3) CONTACT/PHONE Kevin Bumen 781-5205	
(4) SUBJECT Request to approve change order #2 for the New Passenger Terminal Construction Project at the San Luis Obispo County Regional Airport in an amount not to exceed \$500,000 to address unforeseen soil stabilization issues within the building footprint. All Districts.			
(5) RECOMMENDED ACTION It is recommended the Board: <ol style="list-style-type: none"> 1. Authorize change order #2 for the Passenger New Terminal Construction Project in an amount not to exceed \$500,000 for soil stabilization work; and 2. Direct the Director of Airports, or his designee, to approve change order #2 in accordance with the Airport-SLO Construct Passenger Terminal Project Construction Change Order Policy adopted by your Board on August 11, 2015. 			
(6) FUNDING SOURCE(S) Federal Aviation Administration Grants, Passenger Facility Charges, Customer Facility Charges, Airport Enterprise Fund, IBank	(7) CURRENT YEAR FINANCIAL IMPACT \$500,000	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est.)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>12/8/15, 10/6/15, 8/11/15, 3/17/2015, 10/28/2014, 7/15/2014, 3/11/2014, 11/5/2013, 9/24/2013, 7/23/2013, 3/5/2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Geoff O'Quest, Administrative Analyst			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Airports / Kevin Bumen
781-5205

DATE: 1/5/2016

SUBJECT: Request to approve change order #2 for the New Terminal Construction Project at the San Luis Obispo County Regional Airport in an amount not to exceed \$500,000 to address unforeseen soil stabilization issues within the building footprint. All Districts.

RECOMMENDATION

It is recommended the Board:

1. Authorize change order #2 for the Passenger New Terminal Construction Project in an amount not to exceed \$500,000 for soil stabilization work; and
2. Direct the Director of Airports, or his designee, to approve change order #2 in accordance with the Airport-SLO Construct Passenger Terminal Project Construction Change Order Policy adopted by your Board on August 11, 2015.

DISCUSSION

On August 11, 2015 the Board awarded the construction contract for the New Passenger Terminal Project (the "Project") to Q&D Construction, approved a budget for the project and authorized the Airport to move forward with the Project. Construction began in October 2015 with a ground breaking ceremony and mobilization of the contractor on site. Since then the contractor has been proceeding with work including fencing of the project site, demolition of an existing hangar and excavation for the building.

In the process of excavating for the terminal, the contractor is required to remove soil to a depth of approximately 9 feet throughout most of the building footprint. In a portion of the landside building, area "C" which includes the rental car area along with baggage claim and conveyor system, the contractor must excavate deeper to a depth of approximately 12 feet.

Once the bottom of the excavation was reached, a soil analysis was done to determine the suitability of the existing soils to serve as a stable base for the new building. It was determined, as a result of analysis by the Project Soils Engineer, that the existing soil was too unstable to serve this purpose.

Therefore, the Special Inspector and Soils Engineer recommended the placement of a geotextile stabilization fabric on the bottom of the excavation and the placement of 18 inches of fill material approved by the engineer over the stabilization fabric. Once installed, this will provide a stabilized base on which to construct the building's foundation.

While an extensive soil report was completed for the terminal project prior to construction, the unsuitability of the soil could not have been determined until the point of construction as described above. The additional work necessary to complete the remediation was not anticipated nor included in the base bid for the project. A change order is therefore necessary to compensate the contractor for the extra work and materials. Without the completion of the additional work authorized under Change Order #2 the foundation for the project cannot be constructed according to project specifications or in a manner necessary to support the terminal building.

The general contractor has presented the County with an cost estimate of \$532,714. The Construction Manager for the project has completed a separate cost estimate with an estimated cost of \$420,283. After discussion the County and the general contractor agreed on a change order with work to be performed on an actual and necessary (time and material) basis not to exceed \$500,000. The cost associated with this change order will reduce available construction contingencies, previously approved by the Board at \$2.75 million, by approximately 18%. Airports anticipates the Federal Aviation Administration (FAA) will reimburse the County for a substantial portion of the additional costs associated with this work.

Projects involving Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant funds require FAA review and approval of any change orders. Normally the FAA will not financially participate in changes that are anticipated or are considered errors or omissions in the project plans and specifications. In the case of this change order, it has been determined by County staff and consultants to be an unforeseen condition. Documentation to support this conclusion has been presented to the FAA for review. While not guaranteed, Airports anticipates FAA concurrence and participation in the added cost of the additional work which would be fully grant eligible. The additional work is anticipated to be funded by the grant at approximately 90% of the actual costs with the remainder to be paid by the Airport. The Airport share would be paid through Passenger Facility Charges (PFCs).

On August 11, 2015, the Board approved Resolution 2015-204 establishing a change order policy which gives authority to the Airports Director to approve individual change orders up to \$210,000. As a result of the cost of the current change order exceeding this amount, Board approval is required, which Airports is requesting at this time.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the construction documents and provided direction to staff. The FAA provides grant funding and project oversight.

FINANCIAL CONSIDERATIONS

The total budget for the Project, approved by the Board in August 2015, is \$35,422,008. Included in the budget for the Project are construction contingencies equaling 10% of construction costs or \$2.75 million. The cost of the change order, an amount not to exceed \$500,000 will reduce the available contingencies by approximately 18%. The remaining available contingency balance will be \$2,246,975, after a previously approved change order of \$3,025.

The Airport anticipates the FAA to participate in the additional cost to the Project resulting from this change order. The FAA would reimburse the Airport approximately 90% of the additional cost, or \$453,300. The remaining portion of the change order costs will be eligible for reimbursement from Passenger Facility Charges (PFCs). No change in overall project budget is requested at this time.

RESULTS

Approval of the change order will allow Airports to provide direction to the contractor to provide the necessary materials to complete the recommended work. This in turn will stabilize the soil and allow the construction project to move forward.

ATTACHMENTS

1. Contract Change Order #2
2. Exhibit "A" Project Expense Status